

IRS News Release

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IRS Continues Program on Political Campaign Activity by Charities; Stresses Education and Enforcement

IR-2008-61, April 17, 2008

WASHINGTON — The Internal Revenue Service today announced its Political Activities Compliance Initiative (PACI) once again will be in effect for the 2008 election season. The PACI program seeks to educate section 501(c)(3) organizations such as charities and churches about the federal law concerning political campaign activity and to enforce the law in this area.

By law, organizations exempt from tax under Internal Revenue Code section 501(c)(3) may not “participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.”

“We take very seriously our obligation to ensure that tax-exempt organizations have the information they need to make the right decisions about political campaign activities,” said Steven T. Miller, Commissioner of IRS’ Tax Exempt and Government Entities Division. “The vast majority of organizations want to do the right thing, and as in past years, we will continue our efforts to make sure they have the information they need.”

The prohibition against political campaign activity has been in effect for more than half a century and bars certain tax-exempt organizations from intervening on behalf of or in opposition to political candidates. However, these organizations can engage in advocating for or against issues and, to a limited extent, ballot initiatives or other legislative activities.

The IRS is making extensive efforts to educate 501(c)(3) organizations, political parties and candidates. Letters are being sent to the national political party committees explaining the law’s prohibition regarding charities and churches. In March, a letter was published in the Federal Election Commission’s monthly newsletter, asking candidates to ensure that their contacts with charitable organizations do not inadvertently jeopardize the tax-exempt status of any charity. The IRS has issued a news release on the subject in every presidential election year since 1992.

The IRS also has posted on its Web site a “[program letter](#)” to its Exempt Organizations employees. The letter explains the PACI objectives for 2008 and emphasizes the IRS’ priority both to educate the public and tax-exempt community about the law pertaining to political campaign intervention and to maintain a meaningful enforcement presence in this area.

Exempt Organizations Director Lois G. Lerner noted that PACI's enforcement procedures will remain in the hands of career IRS employees who are experts in the tax law in this area. "As in the past, we will continue to use existing procedures, including a committee of career civil servants, to determine which cases to pursue," Lerner said. "We will focus on cases involving allegations of egregious violations."

Lerner said the IRS Exempt Organizations function plans a report on the 2008 election year which will be based on the experience of prior election cycles, and will continue working with the tax-exempt community to identify areas for additional guidance.

"By continuing to work closely with the tax-exempt community, we can provide guidance and education to help charities and churches comply with the law," Lerner said. "We also must continue to monitor the actions of tax-exempt organizations involving political campaigns, in order to carry out our obligation to administer the tax law consistent with congressional intent."

In June 2007, the IRS released a Report on the Political Activity Compliance Initiative for the 2006 election cycle. This report, [PACI 2006](#), follows the report on prohibited political campaign intervention in the 2004 election cycle, which was issued in February 2006.